

**Questions and Answers on E-Rate Application to California Teleconnect Fund
(CTF) -eligible Services
(SB 1102 – PU Code Section 884.5 – Effective January 1, 2006)**

SB 1102 requires that the E-rate discount must first be applied prior to applying the CTF discount to CTF-eligible services, regardless of whether the school or library has applied for, or has been approved for E-rate.

Scenario	Questions	Answers
1. Customer has 10 BTN's receiving CTF discounts. 5 are returned on the grid, and would have actual E-rate percentage.	What E-rate percentage should be applied to the 5 BTN's that are not listed on the grid?	The statewide average E-rate discount should be applied to the 5 BTN's that are not listed on the grid, or 0% E-rate discount if the customer is a necessary small school.
2. Customer has 20 BTN's receiving CTF discount. 5 BTN's have actual E-rate associated with 1 FRN and another 5 have actual E-rate associated with another FRN.	How are the remaining 10 BTN's without actual E-rate handled?	The statewide average E-rate discount should apply to 10 BTN's without actual E-rate, or 0% E-rate discount if the customer is a necessary small school.
3. Each FRN has a validity period, which in many cases is shorter than the funding year. For example, at the beginning of a funding year, the customer's CTF discount is calculated after applying the fictitious E-rate percentage. When the actual E-rate discount starts, it's for a shorter period than the full E-rate funding year.	How do we handle the true-up of E-rate and CTF discounts outside the validity period?	The true-up of E-rate and CTF discounts apply on the account only during the period of time when there's a valid FRN. The statewide average E-rate discount applies when the FRN expires or no longer valid.

Scenario	Questions	Answers
4. The SLD takes away E-rate from a customer.	How is E-rate discount handled?	The 0% E-rate discount will first apply, then the 50% CTF discount to the full rate of the service during the period of time when the E-rate was taken away by the SLD, which is generally for the entire funding year.
5. The CTF participant subscribes to CTF services that are ineligible for E-rate, such as duplicative or redundant services. FCC defines duplicative services as services that provide the same functionality to the same population in the same location during the same period of time.	How is E-rate handled on redundant/duplicative services?	The 0% E-rate discount will first apply, then the 50% discount to the full rate of the CTF eligible services. CTF applicant is required to provide documentation to their carrier identifying each CTF service/circuit ID and the reason why they are ineligible for E-rate discounts, as well as their CPUC-ID (Application) Number as posted on the CPUC's website.
6. The CTF participant has been approved for E-rate for the entire fiscal year, but the dollar amount granted is not sufficient to cover all the CTF-eligible services for the entire fiscal period.	What E-rate discount should apply once the E-rate funding has been depleted or has reached its E-rate cap before the end of the fiscal period?	The actual E-rate discount must first be imputed before applying the CTF discount during the period when the E-rate funding has been depleted or reached its E-cap.

Please note that the statewide average E-rate discount referred herein is currently 72%, which is subject to change each fiscal year. It is used solely for the purposes of calculating the CTF discount and it is added back to the billed amount for payment by the customer to their telephone service provider. However, when the customer receives its approved E-rate benefit, the customer's account will be retroactively adjusted to reflect the approved (actual) E-rate.